

Message Text

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ACTION EB-07

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 NEA-10 ISO-00 FEA-01
ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00
FPC-01 H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01
PM-04 USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00
ACDA-07 /131 W

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R 191325Z JAN 77
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 7096
INFO AMEMBASSY ABU DHABI
AMEMBASSY ALGIERS
AMEMBASSY BONN
AMEMBASSY BRASILIA
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY JAKARTA
AMEMBASSY JIDDA
AMEMBASSY LAGOS
AMEMBASSY LIBREVILLE
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY PARIS
AMEMBASSY QUITO
AMEMBASSY ROME
AMEMBASSY TEHRAN
AMEMBASSY TOKYO
AMEMBASSY TRIPOLI
AMEMBASSY VIENNA
USINT BAGHDAD
AMCONSUL DHAHRAN
USMISSION EC BRUSSELS
USMISSION OECD PARIS UNN

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E.O. 11652: GDS
TAGS: ENRG, OPEC, KU
SUBJECT: BP TO REDUCE FIRST QUARTER LIFTINGS OF KUWAITI OIL

REF: (A) KUWAIT 0083, (B) KUWAIT 0156

1. BRITISH EMBASSY COUNSELOR PROVIDED AMBASSADOR WITH FOLLOWING INFORMATION CONCERNING RECENT VISIT OF BRITISH PETROLEUM (BP) TEAM TO DISCUSS WITH GOK MINISTRY OF OIL PROBLEMS RAISED BY NEWLY IMPOSED PRICE INCREASE. MINISTRY WAS TOLD THAT BP COULD NOT BE EXPECTED TO LIFT KUWAITI OIL UP TO THE AMOUNT OF ITS NORMAL COMMITMENT (450,000 B/D) DURING THE FIRST QUARTER OF 1977 BECAUSE OF THE INCREASED PRICE LEVEL. UNLIKE THE OTHER MAJOR OFFTAKERS, GULF AND SHELL, BP DID NOT STATE THAT IT WISHED TO NEGOTIATE THE NEW PRICE AND IMPLICITLY INDICATED THAT IT WOULD PAY THE NEW GOK PRICE FOR THE OIL THAT IT WOULD PURCHASE. THE BP TEAM APPARENTLY DID NOT MAKE ANY COMMITMENTS REGARDING THE SECOND QUARTER, BUT LEFT THE OIL MINISTRY IN NO DOUBT THAT THE TOTAL BP LIFTINGS DURING THE FIRST QUARTER OF 1977 WOULD BE CONSIDERABLY REDUCED.

2. UK COUNSELOR COMMENTED THAT BP OBTAINED THREE-FOURTHS OF ITS CRUDE FROM THE OPEC ELEVEN COUNTRIES WHICH HAD ADOPTED THE 10-15 PERCENT PRICE INCREASE. HE MADE POINT THAT, IN ORDER FOR BP TO RESIST CURRENT PRICE INCREASE, ARRANGEMENTS FOR IT TO PURCHASE CERTAIN QUANTITIES OF SAUDI CRUDE WOULD HAVE TO BE ASSURED.

3. COMMENT: WITH BP JOINING GULF AND SHELL IN REDUCING FIRST QUARTER LIFTINGS OF KUWAITI CRUDE, THE SQUEEZE ON GOK IS COMPLETE. PRESSURE IS CLEARLY BUILDING UP ON GOK TO FIND WAY TO RESOLVE PRICE LEVEL DISPUTE AND REALIGN PRICES WITH SAUDI ARABIA. THERE IS STILL, HOWEVER, A CONSIDERABLE AMOUNT OF RESISTANCE IN THE MINISTRIES OF OIL AND FINANCE TO THE LOWERING OF THE 10 PERCENT PRICE INCREASE. VISIT OF CONFIDENTIAL

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THE SAUDI OIL UNDERSECRETARY AL-TURKI MAY BE FIRST STEP IN DIRECTION OF REALIGNMENT PROCESS. HE HAS COME TO KUWAIT TO SEEK CLARIFICATION OF PRICES TO BE CHARGED FOR CRUDE PRODUCED IN THE NEUTRAL ZONE SHARED BY KUWAIT AND SAUDI ARABIA. EVERY EFFORT MADE BY SAUDI ARABIA TO PROVIDE CRUDE SUPPLIES IN SUFFICIENT QUANTITIES TO OTHER THAN THEIR NORMAL CONSUMERS, SUCH AS BP, SO THAT PRESSURE CAN BE MAINTAINED ON THE OPEC ELEVEN, PARTICULARLY THOSE MEMBERS IN WEAKER POSITIONS LIKE KUWAIT, WILL BE HELPFUL IN FORCING THE OPEC ELEVEN COUNTRIES TO BACK DOWN FROM THEIR DOHA MEETING POSITION.

MAESTRONE

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Message Attributes

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Current Classification: UNCLASSIFIED
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Control Number: n/a
Copy: SINGLE
Sent Date: 19-Jan-1977 12:00:00 am
Decapton Date: 01-Jan-1960 12:00:00 am
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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